

ENERGY EFFICIENCY & RESOURCE MANAGEMENT COUNCIL

Minutes-January 12, 2012

Hazard Room, Building Six-URI Coastal Institute

Call to Order: The meeting was called to order by Chairman Ryan at 3:10 PM

Members Present: Paul Ryan, Abigail Anthony, Marion Gold, Dan Justynski, Joe Newsome & Christopher Powell

Consultants Present: Mike Guerard

Staff Present: Ron Renaud, Pat McCarthy & Charles Hawkins

Others Present: Jeremy Newberger, Rachel Henschel, Mike McAteer, Terry Feeley, Peter Asen, John DeGray, Rachel Sholly, Danny Musher, Matthew Schweich, Hugh Murphy & Karl Munzel

Acceptance of November Minutes: Paul R. made a motion to approve the November minutes. It was seconded by Dan J. and passed unanimously

Presentation from John DeGray of Point Energy Solutions (Power Point attached)

Point Energy Solutions' (PES) goal is to accelerate the deployment of small scale point of use renewable power and energy management solutions. Application of these technologies will result in avoiding ongoing energy costs while making significant progress toward sustainability. PES provides business development services for start-up businesses with new point of use energy products & services. PES's founder, John DeGray has over 30 years of experience and provides sales representation, marketing and consulting services for start-up businesses.

PES solutions looks to play a role in overall power strategy that addresses integration of renewable energy sources, smart grid technology and the reality of an aging infrastructure. These solutions hope to provide long term energy savings and reliability while freeing grid capacity to support the new loads such as electric vehicles. Examples of PES installation are the Brooklyn Naval Yard, the US Embassy in Helsinki Finland and Buffalo's football stadium.

Marion G. said that John D. had given this presentation to Bob Weygand at URI.

Chris P. said that Brown looked at it but was concerned about maintenance. Joe N. asked if the Buddefly System had just on and off controls or was there a dimmer. John D. said there is no dimmer now but the goal is to develop one. Terry Feeley of the public said that defense offsets have been used to fund such projects. This is a key component of a recent US-Israeli treaty.

RGGI Update

Rachel H. was introduced to give this presentation. NGrid received \$4,034,678 from RGGI auctions 6-10 in January of 2012. It will be used to fund small and large commercial revolving loan plans. They will be receiving another \$2,096,873 from auctions 11-14 in 2012 and the plan is to use it to fund all NGrid energy efficiency (EE) programs with an anticipated savings of 57,506 MWh. They hope to make the revolving loans programs sustainable.

Sixty percent of the proceeds from RGGI auctions 1-5 went to fund all 2010 EE Programs which saved 115,540 in lifetime MWh. The other 40% went to innovative programs like the Deep Energy Retrofits; New Homes Tier 111 Pilot; the Heat Loan Program and a small business revolving loan fund.

The small business revolving loan program funded over 1,000 loans and in 2012 that should increase to 1,200. NGrid has partnered with Citizens Union & Navigant Banks to offer 0% interest loans. The result was 160 loans made in 2011 with a value of \$950,000. This program will continue, using Energy Efficiency Program plan (EE PP) funding after RGGI runs out. In 2012 the large commercial revolving loan fund will make \$2 million available for financing.

A key barrier to the Homes Tier III Pilot has been a lack of accredited HVAC contractors who can get to HERS 35 certification. A number of interested customers declined to participate for this reason. This is a region wide barrier and there is no solution on the horizon. The \$65,000 budgeted for this pilot was shifted to the deep energy retrofit program in January 2012.

The deep retrofit program provides super insulation retrofits to determine the cost-effective components for application in all residential programs. There will be a considerable amount of evaluation in the two projects that are now up & running. One of the goals of this project is to gauge cost-effectiveness. NGrid is looking at lessons learned so they can be applied to smaller EE jobs. Mike G. said they should look at what is scaleable and just do what is cost effective.

Chris P. was concerned that \$2M was not enough to fund the large C&I revolving loan program. He feels that one C&I firm could easily use all \$2M. Rachel H. said that the company was looking at ways to get more funding into the program. Chris P. also cited the Emerald Cities Program and said that the RI Treasurers Office was taking an interest in the program. Matthew Schweich of the Treasurers Office, who was in attendance, confirmed this.

Paul R. asked about RGGI and the big picture. Will it survive the next

presidential election? Chris P. said if nothing happens on a national level it will still survive on the state level. Abigail A. said that a RGGI review process is ongoing that will look at the program going forward.

PUC UPDATE

Abigail A. was thrilled to announce that the PUC has approved both the 2012 EE PP and the Three-Year EE PP; which will have the highest savings goals in the US. She complemented the gritty detail work of the consultants, NGrid and members of the EERMC EE PP Sub-committee. She said it shows that the PUC values EE as a way to reduce the cost of energy.

Jeremy N. added his thanks to the group. He added that the technical session for the System Reliability Plan was canceled as parties worked on a cost-effectiveness analysis of the plan. The PUC has made data requests and wants the DPUC & the EERMC to work on this. Jeremy felt it was best to delay the filing to get it more comprehensive before it goes to the PUC

2012 EERMC BUDGET

Paul R. began by saying as chairman, he is the only member of the EERMC who does not advocate for any specific constituency. He is also the member of the council who interacts with lawmakers and in a

conversation he had with a RI Representative he was told that the honeymoon for energy was over and the expectation is that the General Assembly will be revisiting energy legislation that has passed in the last few years. He sensed that there will be a tug of war involving energy. Joe N. asked what he meant by a tug of war. Paul R. said he anticipates a conflict between EE and RE interests.

At this point, the OER's Ron Renaud asked the Council to postpone the vote on the budget until the February meeting. Abigail A. said that this is a new request and did not know why more time was needed. The council usually votes on the budget in January, after the PUC approves the yearly EE PP. The budget can be amended if necessary. She would like to act in the interest of ratepayers and proceed as usual.

Ron R. stated that if the Council did not extend the courtesy of another month he had no problem with that. Simply; from the OER's perspective they did not have time to review the budget. Joe N. asked if there was a problem with discussing and not voting on the budget. He also had no problem with extending the OER the requested courtesy. Chris P. said that he had no problem with it and that it made sense.

Dan J. said that this is a carry over from last month's discussion on the future of the OER. He felt that the council's goal should be to reap the benefits of Ken Payne's 2006 Least Cost Procurement (LCP)

legislation. He felt that it was critical for the Council to not lose sight of their LCP obligations.

Marion G. said that she feels a sense of vacuum without the leadership of Ken P. She would like to elevate RE to the funding level of EE but not at the cost of less EE funding. She felt things are a bit disjointed and would like to look at things holistically. She said that \$78M has been invested and she wants to see results. Dan J. cited the 2008 report the EERMC commissioned on non-utility scale RE which stated that by the conventional measures of LCP renewables are not as competitive in cost effectiveness studies as EE. He felt that the take away from that report was that RE did not work without incentives. EE on the other hand stands on its own and works without incentives and has made huge gains in the last few years. Ron R. said that, unfortunately, the OER has been distracted from the goal of LCP by ProCap, which has bogged down the office.

Joe N. then asked if the ProCap problem was the tip of a larger problem with all RI CAPs. Ron R. said that ProCap consumes 90% of the office's time. Joe N. asked what will happen to the OER going forward. Ron R. said that the Governor's office was taking a hard look at the office's future. They are also looking at the possibility of funding the OER with state funds, especially if the LIHEAP Program moves to Health & Human Services, as it is scheduled to by statute in July.

Abigail A. said she could accept a postponement of the vote until February but want to insure that the Council will be able to provide feedback in the coming weeks. Marion G. said this feedback was critical. It is important to have someone at a high level look at EE funding especially with the pending SR plan.

Paul R. asked for a motion to move the vote on the EERMC's 2012 budget until the February meeting. The motion was made by Joe N., seconded by Chris P. and passed unanimously.

Abigail A. wanted to insure that the sense of the Council was that the OER would work with the EERMC during the next month to finalize the budget. Marion G. said that she would make an attempt to confer with the Governor's Policy Chief Brian Daniels during the next month.

PUBLIC COMMENT

Joe N. was concerned that most legislators do not know what the Council does. They have not been educated on the Council's EE efforts. He also stated that in the four years he has been a member of the Council, the Governor has never stopped by to thank the council for their important work. He felt the council should invite Governor Chafee to a future meeting. He would like Ron R. to communicate that to the Governor's office.

Dan J. brought the Councils' attention to Bullet Point Two in the 2012

Work Plan & Budget that addresses the consultants' expanded responsibilities. This point deals with developing partnerships with outside organizations to ensure low income energy users realize the full benefits of EE. He is worried about having LIHEAP and other low income programs bog down the mission of LCP. Mike G. said that these partnerships were vital in leveraging funds to get more benefits for this segment and used the Green & Healthy Homes Initiative (GHHI) as an example. Dan J. said he is concerned that problems around ProCap will take away staff resources from LCP. Mike G. said it was critical to get at the hard to reach segments that do not have discretionary income. Chris P. wants to see more partnerships like GHHI & Emerald Cities leverage more EE money.

Jeremy N. asked if the new expanded responsibilities in the EERMC's Work Plan & Budget were also included in the VEIC Work Plan. Rachel H. said that the company is concerned that some of these new tasks will take away from the NGrid goals of energy savings. Chris P. said that the council needs to be visionary and look at best practices from other areas. Rachel H. is worried that all the new responsibilities could distract from the singular focus of EE savings. Marion G. said that the Council needs to explore new opportunities. Chris P. said that the budget has increased, so there is a longer list of tasks. The challenge is how to get it all done. Dan J. suggested putting the list into specific buckets. Marion G. said that the VEIC Work Plan & Budget does this and includes the money to be spent on each bucket. Chris P. would like to break things out to the most

important items. Separate the things that absolutely have to be done from the things that would be nice to get done.

Rachel H. said that in the 2012 Annual Plan the Council need to look at a long term solution to fund EE for customers who heat with deliverables. The ARRA Deliverable Fuels Program was a great success, but the Council needs to look at funding for this in the future.

Karl M, a member of the public in attendance, expressed concern about the lack of a replacement for ex-OER Administrator Ken Payne. He felt that the Governor's Office has had ample time to name a successor. Chris P. made a motion to draft a letter to Governor Chafee asking him to appoint a successor to Ken Payne. It was seconded by Joe N. and passed unanimously.

VEIC Monthly Report

Paul R. made a motion to accept the VEIC Monthly Report. It was seconded by Marion G. and passed unanimously

Approval of December Minutes: Paul R. made a motion to accept the December minutes. It was seconded by Dan J. and passed unanimously.

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore